



**Mike Kreidler**  
**Washington Insurance**  
**Commissioner**

## **Fact sheet:** **QUESTIONS AND ANSWERS** **ON TERRORISM AND ACTS** **OF WAR**

**QUESTION:** Are “acts of War” covered by normal home and business insurance?

**ANSWER:** No, such acts are normally excluded due to the catastrophic nature of war risks. “Catastrophic” risks are those that are so severe that a major occurrence could threaten the solvency of insurance companies.

**Q:** Are “terrorism acts” considered “acts of war”?

**A:** Usually not. The courts have generally held that “war” can only be conducted between sovereign governments. Acts by a radical political group, without the vestige of sovereignty, can be expected to be covered, but difficulty in identifying the responsible party could complicate coverage issues.

**Q:** If “warlike actions by a military force” are excluded in many policies, does this mean that actions by guerrilla groups are excluded?

**A:** Not necessarily, but the answer may require a thorough investigation into the background of the particular group. If the group was not acting on behalf of a sovereign authority, coverage would probably apply.

**Q:** What long-term effects might result from terrorist attacks in the United States?

**A:** That remains to be seen, however, if insurance companies expect future acts to occur they may seek specific exclusions on certain kinds of policies.

**Q:** Will this mean my homeowners premium will go up, or a terrorist exclusion will be added?

**A:** Probably not. The acts of Sept. 11, 2001, were against major landmarks known to be possible targets for terrorists. It would be inappropriate for insurance companies to assume average homes and properties would be terrorist targets.

If you have further questions regarding coverage, call the Consumer Advocacy Hotline at 1-800-562-6900.

**SEPTEMBER 2001**